

**National Flood Insurance Program**

# Flood Adjuster Capacity Program Manual

**July 2019**

Flood Adjuster Capacity Program Manual .....	1
1. National Flood Insurance Program (NFIP).....	2
2. NFIP Partners.....	2
3. Flood Adjuster Capacity Program .....	2
4. Participating in the FACP.....	2
5. Roles and Responsibilities: WYO Companies and Independent Adjusting Firms.....	3
5.1 WYO Company .....	3
5.2 The Independent Adjusting Firm's Role .....	3
5.3 The FACP Trainee Eligibility.....	5
5.4 Quality Assurance .....	6
6. Required Curriculum.....	6
7. Suggested Curriculum: .....	6
8. Required Supplemental Training .....	6
9. Required Competency.....	7
10. Flood Control Number (FCN) Card.....	7
11. Unauthorized Adjusters.....	8
12. Code of Conduct.....	8
13. Resource Materials .....	9
14. Acronyms and Abbreviations.....	10

# 1. National Flood Insurance Program (NFIP)

The U.S. Congress established the NFIP with the passage of the National Flood Insurance Act of 1968. Communities make an agreement with the federal government to participate in the NFIP. If a community adopts and enforces a floodplain management plan for new and existing construction, the federal government will make available federally-backed flood insurance to property owners within the community. FEMA's mission for the NFIP is to provide an alternative to disaster assistance, in order to increase resiliency of our nation's communities through the reduction of risk and property damage.

## 2. NFIP Partners

FEMA provides flood insurance coverage through private insurance carriers that participate in the Write Your Own (WYO) Program. These carriers are collectively called "WYO companies". FEMA also provides flood insurance coverage directly through its contractor, NFIP Direct Servicing Agent (NFIP Direct). WYO companies and NFIP Direct hire or contract with independent adjusting firms and independent adjusters to handle their NFIP flood claims.

## 3. Flood Adjuster Capacity Program

FEMA is dedicated to increasing the nation's disaster resiliency. To this end, FEMA's NFIP is working hard to increase the number of households and businesses that are protected by flood insurance. As the flood insurance policy count grows, FEMA will need to maintain a high level of customer satisfaction throughout the claims process. To make this possible, FEMA has initiated the Flood Adjuster Capacity Program (FACP) and is partnering with WYO Companies, independent adjusting firms, and individual adjusters to increase the number of claims adjusters who are trained and available to help NFIP policyholders after flood events. The FACP will work to strengthen and enhance recruitment, training and professional development for claims adjusters nationwide.

## 4. Participating in the FACP

FEMA and the NFIP do not hire adjusters to adjust claims on behalf of the Program. Adjusting firms interested in adjusting claims on behalf of the NFIP must contact a WYO company or the NFIP Direct to request approval to handle their NFIP flood claims. Independent adjusters who are interested in adjusting flood claims must contact an adjusting firm that adjusts flood claims on behalf of a WYO company or NFIP Direct. WYO companies and NFIP Direct are responsible for ensuring claims adjusters hired can and do provide quality service to NFIP policyholders and claimants. WYO companies can nominate Independent adjusting firms with the appropriate curriculum to participate in the FACP. FEMA encourages all independent flood adjusting firms to consider becoming an approved FACP adjusting firm.

Adjusting firms seeking to become FACP approved must submit an official request to the NFIP Direct or the WYO company with which they are affiliated. The WYO company and NFIP Direct have the sole discretion to select adjusting firms for participation in the FACP. The adjusting firm or independent adjuster must complete the following steps:

**STEP 1:** Develop a comprehensive FACP training curriculum that incorporates the minimum training standards outlined in Sections 5 and 6 below.

**STEP 2:** Submit a training packet to the WYO company or NFIP Direct requesting review and recommendation to FEMA for participation in the FACP. The submission packet must include all the below:

1. The adjusting firm's corporate profile including a list of executives and managers;
2. The adjusting firm's Errors and Omissions (E&O) coverage information;
3. The résumés of the trainee(s)/trainer(s) including their active Flood Control Number(s) (FCN)
4. The curriculum that includes the required training as outlined in Section 5;

5. The criteria for selecting trainees for the FACP;
6. The expected student/trainer ratio; and
7. Timeframes to implement and execute the FACP for each trainee.

The packet should be mailed to: FEMA/National Flood Insurance Program Attn: FACP Adjuster Authorization, Post Office Box 310, Lanham, MD 20706; or emailed to: [NFIPClaimsMailbox@fema.dhs.gov](mailto:NFIPClaimsMailbox@fema.dhs.gov).

The approval letter should be on the letterhead of the WYO company or the NFIP Direct or come from a company email address. After a designated official from WYO company reviews and accepts the adjusting firm's FACP packet, he or she will send the training packet and the company's recommendation letter to FEMA for review and concurrence.

Once a designated official at FEMA approves the training packet, the NFIP will send an approval letter to the WYO company and adjusting firm. Next, a FACP identification number will be assigned for each adjuster(s) in training.

If the training packet is not approved, FEMA will send a written explanation to the WYO.

Representatives from the WYO and adjusting firm can work together to improve the training packet and resubmit it to FEMA for further review.

## 5. Roles and Responsibilities: WYO Companies and Independent Adjusting Firms

### 5.1 WYO Company

The WYO company and NFIP Direct must provide oversight of the adjuster training they sponsor to ensure the FACP adjusting firm meets NFIP standards. Oversight involves reviewing and monitoring training for consistency of the adjusting firms' performance pursuant to FACP guidelines. Activities should include, but are not limited to, performing quality assurance audits and monitoring training sessions. The outcome of claims adjustments (i.e., the claims process for any and all NFIP claimants) made by adjusting firms participating in the FACP is the responsibility of each of their respective sponsoring WYO companies and or NFIP Direct.

### 5.2 The Independent Adjusting Firm's Role

An adjusting firm participating in the FACP must do all the following:

1. Have qualified trainer(s) on staff.
2. Recruit candidates to take part in the FACP.
3. Limit the number of trainees assigned to each trainer to allow for proper supervision and mentoring.
4. Conduct annual training classes for their adjusters. The adjusting firm will give the date and location of the classes to the NFIP.
5. Tailor the training to match the experience level of the trainee.

#### A. Trainer Qualifications

Representatives from the adjusting firm, with input (as needed) from the WYO, select trainers with the below minimum qualifications. They must:

1. Be an active NFIP authorized flood adjuster;
2. Have a minimum of 10 years of experience adjusting flood claims;
3. Have satisfactorily completed the FEMA Independent Study Adjuster Courses listed in this manual under Required Supplemental Training;

4. Exhibit effective communication and interpersonal skills;
5. Display strong leadership and organizational skills;
6. Work for a FACP-participating adjusting company;
7. Stay current on all NFIP claims updates and be able to effectively communicate these updates to trainees; and
8. Attend the annual NFIP Claims Presentations conducted by FEMA.

## B. Trainer Activities

- Develop a performance plan for each trainee that includes a customized training plan and schedule to document the following:
  1. The trainee's level of experience when entering the FACP;
  2. The details of the specific training given;
  3. The date and time for classroom training dedicated to each topic; and
  4. The trainee's progress and proficiency on each subject;
- Devote the necessary time to develop the trainee's adjusting skills, document the activities of the training plan, and be available to answer questions and provide explanations as the trainee continues to learn and develop their adjusting skills.
- Review and sign-off on all work performed by trainees and keep a detailed record of their work and performance.
- Identify when a trainee has reached a level of competency necessary to successfully adjust, scope, and investigate claims on their own.
- Inform the adjusting firm that the trainee has successfully completed the training and is ready to become an authorized adjuster. Once this occurs, the firm should recommend a recommendation to the WYO company.
- If the WYO agrees the trainee is ready to become an authorized adjuster, the WYO will make a recommendation to the FEMA. The recommendation must include documentation that supports the trainee is qualified to be an authorized adjuster.
- If FEMA approves the trainee for authorization, the adjuster will receive their own FCN card. But if the adjuster is not approved, an explanation will be given, and the adjuster may seek approval the following year.

## c. Claims Shadowing

Claims shadowing (mentoring) is a vital part of the FACP. This is where on-the-job-training occurs. The trainer must physically attend all initial inspections with the trainee. The minimum physical inspection requirement is 10 assignments. More may be required, but it depends on the trainee's related work experience, the types of loss involved, and the individual's level of understanding. The trainer must complete a performance record documenting the strengths and weaknesses of the trainee and state if supplemental training is necessary. The trainer must shadow the trainee while he or she is adjusting diverse types of flood claims (e.g., closing a claim file without a payment (CWOP); claims for files with restricted coverage involving basements and post-FIRM elevated buildings; and claims involving direct flood damage to the dwelling) while ensuring the excellent customer service to policyholders.

## d. Supervised Adjusting

After the trainee has successfully shadowed the trainer for a variety of complex claims, trainers must continue to oversee the work of the trainee as he or she performs an additional 10 claims at a minimum, more may be needed, depending on their related work experience, the types of loss involved, and their level of understanding. The trainer's oversight must include, but is not limited to, a review of the trainee's ability to proficiently: do scope note-taking; perform estimate writing and unit-price adjusting; estimate and photograph notations; and complete all necessary forms required for reporting.

The trainer’s oversight must ensure the trainee is able to independently apply the proper coverage and costs in the adjustment, while providing the proper level of customer service. Once a trainee has successfully completed claims actively overseen by the trainer, the trainer will continue to work with the trainee until he or she is deemed, by the trainer to be fully competent and proficient as a claims adjuster.

Trainers must still review approve, and sign-off on all flood claims adjusted by a trainee before sending their claims files to the WYO company or NFIP Direct. Trainers must be ready to intervene in a claim assignment and, if necessary, even order a re-inspection to ensure proper claims handling and customer service. The length of time spent under the trainer’s supervision will depend upon the trainee’s ability to demonstrate their knowledge of common SFIP terms and conditions, and their ability to identify and document the loss and complete NFIP forms prepared for policyholders.

### 5.3 The FACP Trainee Eligibility

Individuals who meet the eligibility requirements listed in **Table 1** may train to become authorized flood adjusters:

- **Non-Flood Adjusters:** Experienced property adjusters or property adjusters who have some adjusting experience and who may also have experience in building construction and understand the components of building repair.
- **Building Construction Professionals:** Individuals with knowledge about building materials and construction techniques who also understand the components of building repair and are skilled in writing estimates.
- **Individuals with No Adjusting Experience:** Individuals want to learn the skill of adjusting flood claims and estimating building losses.

**Table 1: FACP Trainee Eligibility and Requirements**

Type	Details
Eligibility	<ul style="list-style-type: none"> <li>• You must be a US Citizen or be a lawful permanent resident of the United States and possess an Employment Authorization Document (EAD)</li> <li>• You must have a valid U.S. issued driver's license with photo or a government issued photo identification card.</li> <li>• You cannot be currently employed by or paid to adjust flood claims by any entity or person other than the NFIP adjusting firm.</li> <li>• You must train under one participating FACP adjusting firm at a time. If you, as a trainee, leave the FACP adjusting firm, you will need to re-start the training with the new FACP adjusting firm.</li> <li>• You must complete the application to receive a trainee adjusting card. The FACP adjusting firm will assist with this process. You will not receive a permanent FCN card until you have successfully completed the FACP.</li> </ul>
Requirements	<ul style="list-style-type: none"> <li>• As a trainee, you will work under the direction of the assigned trainer.</li> <li>• You will participate in and successfully complete all assigned training required by the FACP adjusting firm.</li> <li>• You must demonstrate successful completion of the FACP by satisfying the curriculum outlined by the independent adjusting firm and your assigned trainer.</li> <li>• You must read and understand the SFIP and the NFIP Claims Manual.</li> <li>• You must always act in a professional and courteous manner and make every effort to provide excellent customer experiences from the initial inspection to the conclusion of the claim.</li> <li>• As an FACP trainee you are required to attend an annual NFIP Claims Presentation conducted by FEMA.</li> </ul>

## 5.4 Quality Assurance

### A. WYO Company

WYO companies and the NFIP Direct must develop and implement a process to document trends and analyze each adjuster-in-training's initial, interim, and final work.

### B. Independent Adjusting Firm

All participating independent adjusting firms must periodically self-evaluate and send a report detailing the results of their evaluation to the WYO company and NFIP Direct.

### C. Trainer

The trainer must conduct evaluations of the quality of the trainee's work in each of these areas: program and policy knowledge, reporting forms, computer estimating competence, documentation, ethics, and program integrity.

### D. Incomplete or Unsatisfactory Work Product – Standards

All WYO companies and the NFIP Direct must notify the adjusting firm if they become aware of any FACP trainee who is not demonstrating the expected quality and professionalism in their work. The independent adjusting firm will be responsible for conducting additional training or taking other actions to address the concerns.

In situations where the work products or performance issues continue, the WYO Companies or the NFIP Direct may, at their discretion suspend or terminate its relationship with the FACP adjuster.

### E. FEMA

FEMA has oversight of the NFIP through the NFIP BSA using Random Claims Quality Check (RCQC), Operation Reviews, and through technology that allows the tracking of claims assigned to adjuster or trainer and adjuster in training.

Participating firms must comply with all FACP requirements. FEMA may take informal or formal corrective actions to address instances of non-compliance, including suspension or debarment under 2 CFR part 180 and 48 CFR subpart 9.4.

## 6. Required Curriculum

At the end of the FACP flood adjuster's training, adjusters must be able to demonstrate competency in the following areas:

- The Standard Flood Insurance Policy (SFIP)
- The NFIP Claims Manual
- All NFIP Adjuster Forms
- Claims Adjusting Software

## 7. Suggested Curriculum:

- Flood Insurance Manual
- Increased Cost of Compliance Coverage (FEMA 301)
- Claims Handbook (F-687)
- Answers to Questions About the NFIP (F-084)

## 8. Required Supplemental Training

FEMA Independent Study Adjuster Courses (<https://training.fema.gov/emiacourses>)

- Claims Review for Adjusters (IS-1104)
- Adjuster Customer Service (IS-1107)
- Introduction to Flood Claims (IS-1112)
- Understanding Basement Coverage (IS-1109)
- Introduction to Commercial Claims (IS-1111)
- EC Made Easy: Elevation Certificate Overview (IS-1105)

## 9. Required Competency

At the end of the FACP flood adjuster's training, adjusters must be able to show competency in the following areas (this is not an exhaustive list):

- Customer Service, Communication, and Setting Expectations
- Ethics and Program Integrity
- Building Materials, Assemblies, and Construction terminology
- Using appropriate investigation protocols to identify a general condition of flooding
- Scoping a Loss
- Knowledge of the NFIP
- Identify, explain, and document covered and non-covered water, moisture or mold damage, earth movement, structural drying, and other common claim issues
- Personal Property Adjusting
- Proper photographing the property, waterlines, and the loss in support of the proof of loss or claim recommendation
- Use of engineers and other experts
- Coverage issues and Non-waivers
- Addressing Prior Losses
- Subrogation and Salvage
- Effective Desk and Time Management
- Describe a building and understand when to submit an underwriting Alert to the WYO company
- Any other training considered necessary by the WYO Company or the Adjusting Firm

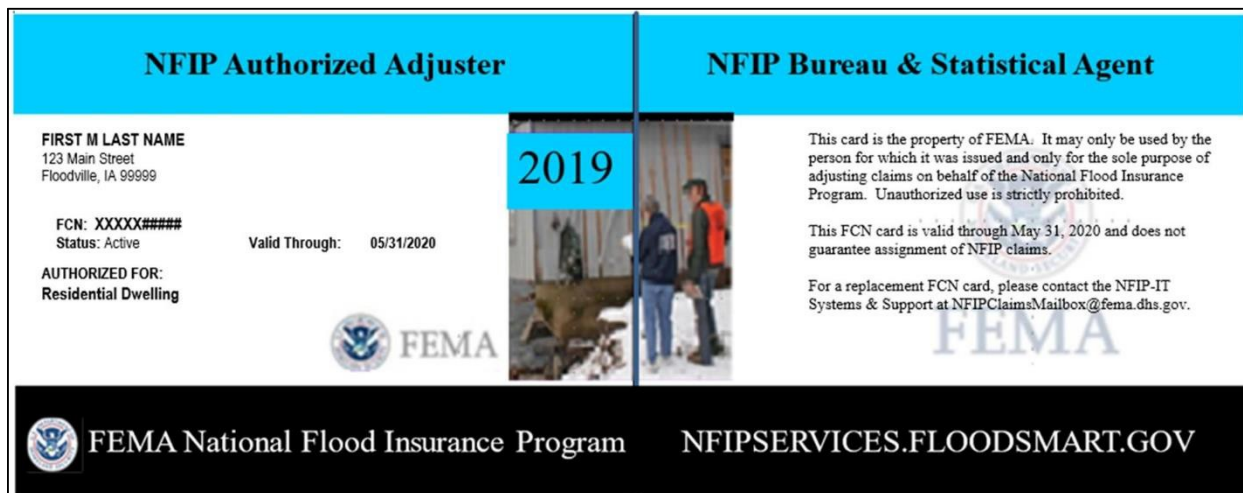
## 10. Flood Control Number (FCN) Card

The NFIP assigns a unique identifier to each adjusting firm and to all adjuster trainees. FACP adjusters will receive their own FCN number on their FCN card. For adjuster trainees, the first five digits of the FCN will be their adjusting firm's number, and the last five digits identify the adjuster in training. These cards are only authorized for Residential Dwelling and do not have an 'Authorization Date'. An FCN card with an 'Authorization Date' represents an adjuster who can adjust claims on their own. Their FCN will not include an adjusting firm's identifying number.

Adjuster trainees cannot submit a claim to the NFIP insurer without there being two signatures (trainee and trainer) and a copy of both (trainee and trainer) FCN cards in the file. The training adjuster must sign and include their own FCN on both the Preliminary Report and Final Report with the adjuster in training's signature and FCN.

ONLY adjusters with FCN cards are authorized by the NFIP to inspect flood losses for its policyholders. "Scopers" or "inspectors" are not recognized adjusters.





***FCN Cards are the property of FEMA. A card may only be used by the person to whom it was issued and only for the sole purpose of adjusting claims on behalf of the NFIP.***

## 11. Unauthorized Adjusters

Adjuster trainees and experienced adjusters must be authorized to work flood claims under the NFIP. Adjuster trainees (with no adjusting experience) are only authorized to work claims under the Dwelling form.

FEMA performs operation reviews to validate quality assurance of claims handling and to verify adherence to NFIP's guidelines. For Fiscal Year (FY) 2019, the following errors are scored as "non-critical" errors:

- The adjuster or adjuster trainee does not have a valid FCN;
- There is no supervisor's signature accompanying an adjuster trainee's work; or
- The adjuster was not authorized to work on the claim file.

Starting in FY 2020, the above errors will be scored as "critical" errors.

## 12. Code of Conduct

FEMA is committed to the core values of compassion, fairness, integrity, and respect. By handling NFIP claims, claims professionals agree to adhere to these principles of conduct:

All individuals handling NFIP claims will maintain the highest standards of honesty, impartiality, character, and conduct to ensure the proper performance of NFIP business and the continual trust and confidence of the NFIP policyholders. Claims professionals must conduct themselves with courtesy and integrity; a deep sense of responsibility for policyholder trust; and promptness in dealing with and serving the policyholder. Claims professionals will display a standard of professional behavior that reflects positively upon and will be a credit to both themselves and the NFIP.

FEMA does not accept any professional conflict of interest. Any independent adjuster or adjuster adjusting firm registered in the FACP may not work in any capacity which provides support, inspections, consulting, or estimating, for or as a public adjuster (licensed or not) or to provide representation adverse to the NFIP. Adjusters also may not adjust claims for a property in which the adjuster (or immediate family member) owns an interest, nor can an adjuster accept any money from a third party to steer business to a specific firm or individual. Adjusters and adjuster firms may not accept monetary or non-monetary incentives from policyholders. If a conflict is identified, an adjuster's registration will be deferred for one year to ensure interests have ended and will not reoccur. In addition, use of the FCN for any purpose other than adjusting a flood insurance claim on behalf of an NFIP insurer (WYO companies and

NFIP Direct) is improper and may result in immediate suspension or revocation of the FCN. FEMA may refer improper usage of the FCN to investigators as necessary to protect the integrity of the NFIP.

When a WYO company or NFIP Direct receives a complaint asserting a violation of the Code of Conduct, an investigation is required to confirm the validity of the complaint. If it is determined there has been a violation of the NFIP's Code of Conduct, the WYO company or NFIP Direct will immediately notify FEMA and provide all supporting documentation that includes their findings and recommendations.

Documentation should be mailed to: FEMA/NFIP Attn: Adjuster Authorization, Post Office Box 310, Lanham, MD 20706; or sent via email to: [NFIPClaimsMailbox@fema.dhs.gov](mailto:NFIPClaimsMailbox@fema.dhs.gov).

Once FEMA revokes the FCN, an adjuster will no longer have the authority to adjust claims on behalf of the NFIP. Where code of conduct violations are evident within the firm, the firm may lose authority to adjust claims on behalf of the NFIP.

An adjusting firm or adjuster may appeal a temporary suspension or indefinite revocation by submitting a request with supporting documentation to the Assistant Administrator for Federal Insurance for review and consideration. The Assistant Administrator for Federal Insurance is responsible for reviewing and making final determinations concerning all revocation appeals. The Assistant Administrator for Federal Insurance holds the ultimate authority to revoke or reinstate an FCN.

## 13. Resource Materials

- [FEMA WYO Bulletins](#)
- [NFIP Claims Manual](#)
- [NFIP Claims Handbook](#)
- [Increased Cost of Compliance Brochure](#)
- [Increased Cost of Compliance \(ICC\) Coverage: Guidance for State and Local Officials](#)
- [Flood Insurance Manual](#)
- [Summary of Coverage](#)
- [Standard Flood Insurance Policy](#)
- [Adjuster Forms](#)
- [FEMA Map Service Center](#)
- [FEMA Independent Study](#)

## 14. Acronyms and Abbreviations

<b>EAD</b>	Employment Authorization Document
<b>FACP</b>	Flood Adjuster Capacity Program
<b>FCN</b>	Flood Control Number
<b>FEMA</b>	Federal Emergency Management Agency
<b>FID</b>	Federal Insurance Directorate
<b>MAP</b>	Mentoring Adjuster Program
<b>NFIP</b>	National Flood Insurance Program
<b>SFIP</b>	Standard Flood Insurance Policy
<b>WYO</b>	Write Your Own